Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

CONFIDENTIAL

PAGE 01 BRUSSE 07191 131633Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 NSCE-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10
INT-05 L-03 NSAE-00 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /133 W
----------125262 141325Z /43
R 131624Z APR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5986
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

C O N F I D E N T I A L BRUSSELS 07191

USEEC

PASS WHITE HOUSE FOR AMBASSADOR OWEN

E.O.11652: GDS
TAGS: ENRG, EEC
SUBJECT: EC COMMISSION PROPOSAL FOR ECONOMIC SUMMIT
OIL PACT

1. DURING CALL BY DCM ON JENKINS' CHEF DE CABINET TICKELL APRIL 11, TICKELL ASKED THAT WE CALL AMBASSADOR OWEN'S ATTENTION TO COMMISSIONER BRUNNER'S PROPOSAL FOR SO-CALLED "OIL PACT" WHICH TICKELL HAD RAISED AT SUMMIT PREPARATORY MEETING LAST WEEK IN BONN AND WHICH HE HAD SUGGESTED BE CONSIDERED FOR ENDORSEMENT AT BONN SUMMIT IN JULY. AS FOLLOW UP, MISSION OFFICER CALLED ON HENDRIK TENT, CHIEF OF PETROLEUM SUPPLY SECTION, DG-XVII, LATER THAT DAY AND DISCUSSED EC MEMO ON CONCEPT WHICH OUTLINES ADVANTAGES OF PROPOSAL.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRUSSE 07191 131633Z

2. AS BACKGROUND, TENT NOTED THAT IDEA HAD BEEN FLOATED BY BRUNNER IN EARLY MARCH IN SPEECHES IN GERMANY AND IN AN INTERVIEW WITH THE JOURNAL OF COMMERCE (MARCH 8 ISSUE). ACCORDING TO MEMORANDUM, THE "OIL PACT" WOULD CONSIST ESSENTIALLY OF "MUTUAL DECLARATIONS OF INTENT FROM THE EUROPEAN COMMUNITY AND THE UNITED STATES (AND POSSIBLY OTHER PARTNERS LIKE JAPAN)" TO SET INDICATIVE CEILINGS

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

ON THEIR OIL IMPORTS UP TO 1985 AND TO EXPLAIN HOW THESE TARGETS WOULD BE MET. AS EXAMPLES, IT IS SUGGESTED THAT IMPORT CEILINGS FOR 1985 BE SET OF 10 MILLION BARRELS PER DAY (MMBPD) FOR EC AND 6 MMBPD BY 1985 FOR THE US.
3. AS EVIDENCE OF THEIR COMMITMENT TO MEET THESE TARGETS, THE US WOULD ANNOUNCE IN JULY A TARGET FOR 1978/1979 OF A 10 PERCENT REDUCTION IN IMPORTS FROM 1977, AND THE EC WOULD COMMIT ITSELF TO KEEP IMPORTS AT OR BELOW 1977 LEVELS. ACCORDING TO THE MEMORANDUM THE PROPOSAL WOULD HAVE THREE PRINCIPLE BENEFITS:
(A) IT WOULD DRAW PUBLIC ATTENTION IN THE INDUSTRIALIZED COUNTRIES TO THE DETERMINATION OF WESTERN GOVERNMENTS TO AVOID DISRUPTION OF THE WORLD OIL MARKET, CONTRIBUTE TO A "REASONABLE STABILIZATION OF OIL PRICES" AND TO THE FIGHT AGAINST INFLATION, AND CREATE THE "INDISPENSABLE PRECONDITIONS FOR THE SUCCESS OF EFFORTS TO ADAPT ECONOMIC STRUCTURES".
(B) CONVINCING EFFORTS BY THE DEVELOPED COUNTRIES TO STABILIZE OPEC PURCHASING POWER WOULD MAKE OIL PRODUCING COUNTRIES "MORE INCLINED TO REFRAIN" FROM FURTHER DRASTIC OIL PRICE INCREASES.

(C) SUCH A PACT WOULD SIGNAL THE CONCERN OF THE INDUS-TRIALIZED COUNTRIES FOR THE LDC'S WHO WOULD SUFFER MOST FROM "CHAOTIC SUPPLY BATTLES" FOR OIL IN THE FUTURE AND FROM ROCKETING PRICES.
CONFIDENTIAL

4. TENT SAID THAT IN PREPARING MATERIAL TO SUPPORT BRUNNER'S INITIATIVE, THE DIRECTORATE GENERAL FOR ENERGY HAS TRIED TO ASSURE THAT THE "OIL PACT" PLAN IS AS FULLY CONSISTENT WITH THE IEA LONG-TERM COOPERATION PROGRAM AS POSSIBLE. HE NOTED THAT, IN AGREEING TO A GLOBAL OIL IMPORT CEILING BY IEA MEMBER STATES OF 26 MMBPD BY 1985, NO COUNTRY TARGETS WERE SET. THE EC COMMISSION HAD ESTABLISHED ITS ILLUSTRATIVE CEILINGS FOR THE EC AND THE US BASED UPON ASSUMPTIONS OF HOW THIS GLOBAL CEILING COULD BE ALLOCATED AND UPON NATIONAL PROGRAMS. HE NOTED THAT THE EC TARGET OF 10 MMBPD INCLUDES FRANCE AND IS EQUIVALENT TO THE COMMISSION'S RECOMMENDATION THAT 1985 EC OIL IMPORTS BE LIMITED TO 500 MILLION TONS A YEAR.
TENT THOUGHT THE "OIL PACT" SHOULD SUPPORT THE IEA PROGRAM BY COMMITTING GOVERNMENTS AT THE HIGHEST LEVEL TO SPECIFIC GOALS AND DRAWING PUBLIC ATTENTION TO THE NEED TO LIMIT OIL IMPORTS. HE DID NOT THINK IT WOULD BE POSSIBLE, HOWEVER, FOR THE WESTERN ECONOMIC SUMMIT TO ACCOMPANY A POSSIBLE AGREEMENT ON AN "OIL PACT" WITH AN ENDORSEMENT OF THE IEA LONG-TERM PROGRAM BECAUSE OF PROBABLE FRENCH OPPOSITION.

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

5. BRUNNER ALSO RAISED QUESTION WITH AMBASSADOR ON APRIL 11, AND ASKED FOR OUR REACTION TO IDEA.
6. ACTION REQUESTED: COMMENTS ON PROPOSAL WHICH WE CAN PASS TO BRUNNER AND DG WILLIAMS, WHO WILL BE PARTICIPATING IN ENERGY WORKING GROUP. HINTON

CONFIDENTIAL

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, IMPORTS, PLANNING MEETINGS, SUMMIT MEETINGS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE07191
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780160-1009
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780459/aaaabygx.tel
Line Count: 121
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b364a1b0-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2975328
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION PROPOSAL FOR ECONOMIC SUMMIT OIL PACT
TAGS: ENRG, EEC
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/b364a1b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014